

Message Text

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PAGE 01 CARACA 01205 022146Z

67

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TAGS: OAS, PFOR

SUBJ: OAS REFORM, COUNTRY REVIEW PROCESS

REF: STATE 22265

1. EMBASSY CONSIDERS CEPICIES REVIEW A USEFUL FUNCTION, WHICH SHOULD BE IMPROVED AND UPDATED, BUT RETAINED IN OAS. THE CEPICIES SECRETARIAT HAS QUALIFIED AND COMPETENT ECONOMISTS WHO ARE CAPABLE OF PREPARING EXCELLENT DOCUMENTATION FOR INDEPENDENT AND UNBIASED REVIEWS OF THE ECONOMIES OF THE MEMBER COUNTRIES.

2. THE REVIEW PROCESS ENABLES THE PARTICIPANTS TO RAISE PENETRATING QUESTIONS ABOUT THE ECONOMIC CONDUCT OF THE COUNTRY UNDER REVIEW THRU THE CEPICIES SECRETARIAT WITHOUT TAKING POLITICAL HEAT.

3. THE REVIEW PROVIDES THE INTERNATIONAL LENDING INSTITUTIONS A FORUM TO EXAMINE THE ECONOMIC DEVELOPMENT OF THE MEMBER COUNTRIES AND TO GIVE ADVICE FOR IMPROVING DEFICIENT SECTORS OF THE ECONOMY.

4. THE REVIEW FUNCTION SHOULD NOT BE MOVED TO ANOTHER AGENCY SUCH AS ONE OF THE INTERNATIONAL LENDING INSTITUTIONS, SINCE THESE INSTITUTIONS HAVE NEITHER THE INCL-

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PAGE 02 CARACA 01205 022146Z

NATION NOR, IN SOME CASES, THE STAFF TO UNDERTAKE A

COMPREHENSIVE ECONOMIC REVIEW. FURTHERMORE THEY ARE
LIKELY TO HAVE A PAROCHIAL VIEWPOINT FROM TIME TO TIME
DEPENDING ON THEIR EXISTING LOAN EXPOSURE.

5. FROM THE STANDPOINT OF THE COUNTRY BEING EXAMINED,
THE REVIEW PROVIDES AN OPPORTUNITY TO SET FORTH
ITS ECONOMIC PROGRAM, AND IF RECEIVED FAVORABLY, OBTAIN
INTERNATIONAL SUPPORT WHICH IS OFTEN NECESSARY TO OVER-
COME DOMESTIC POLITICAL OPPOSITION. DURING ITS LAST
REVIEW VENEZUELA USED THE OPPORTUNITY TO PRESENT ITS
CURRENT FIVE YEAR PLAN. FOR THIS REASON VENEZUELA IS
LIKELY TO FAVOR CONTINUATION OF THE REVIEW WITHIN THE
OAS. IT WOULD NOT TEND TO SUPPORT THE REVIEW BEING MOVED
TO ANOTHER AGENCY IN WHICH THE US OR OTHER COUNTRIES
ARE BELIEVED TO EXERCISE UNDUE INFLUENCE THRU A
WEIGHTED VOTE.

6. IMPORVEMENT AND GREATER EFFICIENCY IN THE REVIEW
PROCESS COULD BE ACHIEVED THRU GREATER COORDINATION
OF THE CIPCIES STAFF WITH THE IBRD AND IMF EACH OF
WHICH PREPARE INDIVIDUAL REPORTS ON THE MEMBER
COUNTRIES. AT PRESENT THERE EXISTS CONSIDERABLE
DUPLICATION OF EFFORT IN THE PREPARATION OF THE PRELIMI-
NARY REPORTS.

7. IN THE COURSE OF THE REVIEW AN EFFORT SHOULD BE MADE
TO INSULATE THE CEPICIES STAFF FROM SOME OF THE POLITICAL
PRESSURES WHICH PRECULDE THEM FROM DELVING DEEPLY INTO
THE ECONOMIC PROBLEMS AND CONDITIONS OF THE COUNTRIES
BEING REVIEWED. THIS MEANS THAT THE QUESTIONS RAISED BY
THE LENDING AGENCIES AT THE PRE-REVIEW SESSIONS SHOULD BE
SYSTEMATICALLY COVERED IN THE COURSE OF THE REVIEW. TOO
OFTEN VERY IMPORTANT ECONOMIC QUESTIONS HAVE BEEN "WHITE-
WASHED" BECAUSE OF POLITICAL EXPEDIENCY, AND A DESIRE OF
THE CHAIRMAN OF THE REVIEW NOT TO OFFEND THE REPRESENTATIVES
OF THE COUNTRY UNDER REVIEW.
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